

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Coop. Sugar Factories – Sanction/Release of Rs.30,26,87,000/- (Rupees thirty crores twenty six lakhs eight seven thousands) under plan as additional funds towards payment of better cane price to the farmers for the season 2011-2012 to six Coop Sugar Factories in relaxation of Treasury Control and quarterly regulation orders subject to obtaining supplementary grant during 2012-13 – Administrative sanction - Accorded – Orders – Issued.

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INDUSTRIES & COMMERCE (SUGAR) DEPARTMENT

G.O.Ms.No. 2

Dated:05-01.2013.

Read the following:

1. From the COS & CC, Hyderabad Lr.No.1211/2011/D2,  
dt 11.10.2012
2. G.O.Rt.No.4718, Fin. (Exp. Ind. & Com.) Dept,22.12.2012.

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ORDER:

The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad in the reference 1<sup>st</sup> read above, has stated that the farming community are demanding for payment of better cane price ranging from Rs.2500/- to Rs.3000/- per MT and in view of prevailing low rate of sugar, weak financial position of the Coop. Sugar Factories, and in order to protect the interest of sugarcane farmers in Cooperative Sector by giving at least Rs.2000/- per MT towards better cane price during the season 2011-12 Government have sanctioned & released an amount of Rs.50.00 crores as a grant to 9 Cooperative Sugar Factories to meet the matching cane price payment @ Rs.2000/- per MT for the season 2011-12 vide G.O.Ms.No.4, Industries & Commerce (Sugar) Dept dated:05-01-2012.

2. The following are the details of the amount released to the 9 Cooperative Sugar Factories out of Rs.50.00 crores as grant sanctioned during 2011-2012:-

Sl. No.	Name of the CSF	Total Quantity of cane crushed ( in MTs)	Differential Matching Grant amount released by the Govt. to meet the cane price @ Rs.2000/- per M.T.	Total Grant amount released to CSFs.  In Rs.
1	Anakapalle	83,734	Rs.300/-	2,51,20,200
2	Thandava	1,83,336	Rs.300/-	5,50,00,800
3	Kovur	1,06,460	Rs.490/-	5,21,65,500
4	Chittoor	1,57,321	Rs.300/-	4,71,96,300
5	Sri Venkateswara	1,76,514	Rs.250/-	4,41,28,500
6.	NVR & ADR	14,840	Rs.490/-	72,71,568
7.	Sri Vijayarama Gajapathi	1,28,547	Rs.200/-	2,57,09,400
8.	Chodavaram	5,30,855	Rs.200/-	10,61,71,100
9.	Etikoppaka	2,24,397	Rs.200/-	4,48,79,400
	TOTAL			40,76,42,768

(Rupees forty crores seventy six lakhs forty two thousand seven hundred sixty eight only )

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3. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has also submitted that out of the sanctioned amount of Rs.50.00 crores, an amount of Rs.40,76,42,768 was utilized by the Coop. Sugar Factories as detailed above and remaining amount of Rs.9,23,57,232/- (Rupees nine crores twenty three lakhs fifty seven thousand two hundred two only) is available (an amount of Rs.8,76,28,800/- is available in the account of Commissioner of Sugar and an amount of Rs.47,28,432/- is available with NVR & ADR CS Ltd.). Further, vide show cause memo dated: 23-08-2012, the Managing Directors of the 6 Cooperative Sugar Factories has been directed to explain the reasons, as to why suitable action should not be taken against them for failure to pay agreed cane price, even though release of matching grant amount by Govt. for payment of better cane price @ Rs.**2000**/- per MT for the season 2011-12. As the explanation / reasons submitted by the Managing Directors of the Cooperative Sugar Factories are not satisfactory, the Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has initiated the necessary disciplinary action against the concerned Managing Directors of Cooperative Sugar Factories.

4. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has also informed that before commencement of crushing operations during 2011-12 season, the managements of these Cooperative Sugar Factories have proposed to crush a quantity of cane and agreed to pay cane price at the rate of per MT inclusive of P.T @ Rs.60/- from the own funds of Cooperative Sugar Factories for the season 2011-2012 as detailed below:-

Sl. No.	Name of the CSF	Quantity proposed to crush (MTs in Lakhs)	Agreed rate of cane price (inclusive FRP & PT) to be paid from the own funds of the CSF (Rs. per MT)
1	Anakapalle	1.00	Rs.1700/-
2	Thandava	1.60	Rs.1700/-
3	Kovur	1.50	Rs.1510/-
4	Chittoor	2.50	Rs.1700/-
5	Sri Venkateswara	2.25	Rs.1750/-
6.	NVR & ADR	0.50	Rs.1510/-

5. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has further informed that the Managing Directors of (6) Coop. Sugar Factories viz., (1). Kovur (2) Chittoor (3). Thandava (4). Anakapalle (5). Sri Venkateswara and (6). NVR & ADR, Jampani have stated that during the current season 2011-2012, the CSFs have crushed more cane compared to previous season 2010-2011 and there is drastic fall in sugar price and they are not in a position even to pay FRP (Fair and Remunerative Price) and hence the Cooperative Sugar Factories defaulted in payment of cane price to the cane suppliers in time and requested the Commissioner of Sugar & Cane Commissioner, AP, Hyderabad to recommend to the Government for sanction of financial assistance to meet the cane price dues to the cane farmers during 2011-2012 season keeping in view the interest of the sugarcane farmers.

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6. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has stated that the proposal of the District Collectors/Person-in-Charges and Managing Directors of the Coop. Sugar Factories has been examined and the amount arrived is Rs.5789.91 Lakhs for payment of better cane price to the cane growers. After reviewing the financial performance of the each Cooperative Sugar Factories, the actual immediate requirement is arrived to Rs.3950.44 Lakhs to clear the balance cane price dues for the 2011-12 season. In this regard a meeting has been held by the Hon'ble Minister for Sugar with Hon'ble Minister for Finance alongwith the Principal Secretary (Finance) and Commissioner of Sugar & Cane Commissioner, AP, Hyderabad on 10-10-2012 and issue was reviewed with the Managing Directors/Accounts Personnel of the concerned Cooperative Sugar Factories. In the meeting the Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has been requested to submit the proposals to Govt. for sanction of financial assistance as grant/loan for clearance of outstanding cane price dues to the cane growers for 2011-12 season.

7. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad has reported that the following are the outstanding cane price dues of 6 Cooperative Sugar Factories for the cane crushed during the season 2011-12 which could not pay the cane price dues, due to poor financial position, negative net worth and insufficient drawing power from APCOB:

Sl. No.	Name of the CSF	Balance cane price dues to be paid by the CSFs in Lakhs
1	Anakapalle	613.77
2	Thandava	325.21
3	Kovur	1171.06
4	Chittoor	1028.41
5	Sri Venkateswara	661.92
6	NVR & ADR	150.07
	TOTAL	3950.44

8. After careful examination of the entire issue, and keeping in view of the orders issued in the reference second read above, Government hereby accord release of the amount of Rs.30,26,87,000/- (Rupees thirty crores twenty six lakhs eighty seven thousands) sanctioned as additional funds under plan towards payment of better cane price to the cane farmers of above said six Cooperative Sugar Factories, for the season 2011-2012, in relaxation of Treasury Control and quarterly regulation orders and subject to obtaining supplementary grant during 2012-13.

9. The expenditure sanctioned above shall be debited to the following Head of Accounts:

"2852 Industries -08 - Consumer Industries- MH 201- Sugar- GH (11) NSP SH (11) - Assistance to Sugar Factories for payment of better cane prices to sugarcane farmers -310/312 Other Grant-in-aid".

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10. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad shall furnish the report/explanation on utilization of previous release of Rs.50.00 crores sanctioned/released vide G.O.Ms.No.4, Industries & Commerce (Sugar) Department, Dt.05.01.2012, to Government, immediately, for further action in the matter.

11. The Commissioner of Sugar and Cane Commissioner, AP, Hyderabad shall take necessary action to draw and disburse the amount and see that the amounts sanctioned should be remitted directly into the bank accounts of the cane farmers who supplied the cane during 2011-12 season. He is also directed to send supplementary grant proposals to Finance (BG.I) Dept., directly within time for inclusion in Supplementary Estimates 2012-2013. Necessary utilization certificate shall be furnished for the above amounts to the Govt.

12. This order issues with the concurrence of Finance (Expr.I&C) Department as per Budget Release Order issued in the reference 2<sup>nd</sup> read above and their U.O.No.7578/471/Expr.I&C/2012, Dt.28.12.2012.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K. PRADEEP CHANDRA  
PRINCIPAL SECRETARY TO GOVERNMENT &  
COMMISSIONER FOR, INDUSTRIAL PROMOTION

To

The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad.

Copy to:

The Finance (Exp. I&C) Department.

The Finance (B.G.) Department.

The Public Enterprises Department.

The Pay & Accounts Officer, Hyderabad.

The Director of Treasuries & Accounts, Hyderabad.

The Accountant General, A.P. Hyderabad.

The P.S. to M(MI, Sugar & C&EP).

The P.S. to M(Finance)

The PS to Prl. Secy. to CM.

Sf/sc

// Forwarded :: By order //

SECTION OFFICER